

are going to have funds for space and VA care in the future. In 1996 we will spend \$270 billion in interest payments on the debt. Imagine the good we could do today if previous Congressmen had the will to make the tough decisions and act responsibly.

MEDICARE

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 2, 1995

Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, August 2, 1995 into the CONGRESSIONAL RECORD.

MEDICARE: PAST SUCCESSES, FUTURE CHALLENGES

July 30th marked the thirtieth anniversary of Medicare. Although many in 1965 predicted dire consequences as a result of Medicare's enactment, it is today without question one of the most widely supported federal government programs. And for good reason: Medicare has contributed to enormous improvements in the well-being and quality of life of older Americans. Americans of all ages agree that the assurance of access to medical care for the elderly must be preserved.

But Medicare also faces many challenges. Health care costs that have significantly outpaced inflation and growing numbers of older Americans have made it difficult to adequately finance the program. Congress has made numerous changes to Medicare over several years, cutting payments to health care providers and placing stricter limits on benefits. But financing problems remain, and will lead to hardships for the 37 million Medicare beneficiaries who depend on the program if the problems are not addressed soon.

SUCCESSES

The Medicare program consists of two parts: Hospital Insurance (HI), primarily funded through tax receipts; and Supplementary Medical Insurance (SMI) for physician costs, largely funded through general revenues with premiums for enrollees covering the remainder.

Before Medicare was enacted, less than half of Americans under 65 had health insurance, and 30% lived below the poverty line. Many older persons had to choose between medical care and other necessities because they could not afford both. Financial pressures forced some to forego treatment until it was too late. Today, almost all older Americans—97%—have health care coverage, and the percentage of them living in poverty has been cut by more than half. Life expectancy for an American born today is over five years higher than it is for those born in 1960.

While Medicare is not perfect, its administrative costs are just over 2% of program spending, considerably lower than the administrative costs of the average large private insurer. And while all Medicare enrollees receive coverage regardless of their incomes most Medicare benefits go to those who need them most—older persons with incomes of \$25,000 or less.

CHALLENGES

Medicare's impending financing problems are of great concern to seniors receiving Medicare benefits, as well as future beneficiaries who question its availability during their retirement. Medicare expenditures, which were less than \$5 billion in 1967, now total over \$181 billion. The trustees of the

Medicare trust fund project that HI will become insolvent in 2002, just 7 years away. This funding shortfall reflects the high rate of inflation in the health care sector, an aging population, and growth in the quantity of services provided. Since SMI is financed with premiums and general revenues, it does not have the same financing problems as HI.

REFORM PROPOSALS

Long-range deficits have been projected for HI since the early 1970s. In the early 1980s Congress took action to protect Medicare's solvency by increasing tax revenues and reforming how hospitals are reimbursed. These reforms, along with an expanding economy, improved Medicare's financial outlook in the near-term.

Currently, there are numerous proposals to reform the Medicare system. I believe that Congress should consider these reform proposals with a critical eye. Several proposals have already crated much interest, but long-term funding problems remain.

One proposal would mean annual limits on spending in the program by giving older people a choice of private health insurance plans as alternatives to a standard federal program. The idea would be to make an expanded choice of plan options available to Medicare beneficiaries at the time of initial eligibility and during subsequent annual open enrollment periods.

Another idea would require the government to give beneficiaries vouchers to buy private insurance. The Medicare system would cease to be a system of defined benefits and become instead a program providing a defined contribution toward the cost of health care.

Other proposals would offer options like medical savings accounts or managed care, such as Health Maintenance Organizations and Preferred Provider Organizations. Some would basically keep the current system but increase premiums for new SMI beneficiaries, increase the Medicare deductible, and charge copayments on home health services.

MY VIEW

Over the past three decades, Medicare has proven itself an effective and essential element in raising the standard of living of older Americans. Medicare is a commitment to the American people that when health care is most likely to be needed, it will be available. I believe that this core commitment must be preserved. Reforms in the Medicare system must be considered; however, wholesale immediate cuts are not the answer. Reforms cannot be considered without focusing on our inflationary health care system.

The budget resolution supported by the congressional leadership calls for a huge target of \$270 billion reduction in Medicare spending; that's about 30% of the money that the resolution needs to balance the federal budget over the next 7 years. I voted against this budget resolution because these cuts simply cannot be made without doing harm to the beneficiaries and the health care system. But it is also true that there is no way to balance the federal budget or even achieve significant deficit reduction over the long haul without reducing the growth of Medicare.

The cuts proposed in this budget resolution are much greater than what is needed to maintain Medicare's solvency. Instead, I believe we should enact more modest short-term savings that would still extend the life of the trust fund and give us more time to examine the best policy options for longer-term reform. I believe we must be cognizant of certain principles when considering Medicare reform: affordability, universality, quality, cost containment, fairness to sen-

iors and providers. It is not my preference to reduce payments to beneficiaries under Medicare. We must act decisively yet carefully to preserve the promise of Medicare for the next thirty years and beyond.

TRIBUTE TO TED LEIPPRANDT

HON. DAVE CAMP

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 2, 1995

Mr. CAMP. Mr. Speaker, it is with great pleasure that I rise today to recognize Ted Leipprandt of Pigeon, MI, as he celebrates his retirement. For the past 36 years, Ted Leipprandt has devoted his time and energy to the advancement of Michigan's dry bean industry. On August 7, 1995, Ted will be honored for his role in Michigan's agricultural sector during the Michigan Bean Shippers Association summer conference.

Ted has worked tirelessly for the advancement of agricultural issues since his introduction to the industry in 1959 as an agronomist for the Cooperative Elevator Co. Over the course of the next two decades, his dedication was awarded with several promotions, culminating in his ascendancy to general manager in 1974.

In his capacity as the cooperative's general manager, Ted led the company through a period of rapid growth and industrialization. He devoted countless hours to ensure the company's significant expansion was a success. Under his leadership, the cooperative was carried into the latter half of the 20th century.

Ted's dedication to the agricultural industry is paralleled only by his devotion to the community. Currently, Ted sits on the board of the Detroit Edison Co. and of the East Central Farm Credit System. In the past, he spent 2 years as the president of the Michigan 4-H Foundation. Ted is also a member of the Salem United Methodist Church. Through his active role in organizations like the Michigan Bean Shippers Association and the Rotary Organization, he has continually made significant contributions to his community, and to the entire State of Michigan.

Mr. Speaker, Ted Leipprandt is an outstanding individual who has instilled his sense of honesty and trust into all that he comes in contact with. He has dedicated his life to improving Michigan's dry bean industry. I know you will join me in recognizing Ted for all that he has done as he celebrates his retirement from the Cooperative Elevator Co.

TRIBUTE TO LEUKEMIA SOCIETY VOLUNTEERS

HON. MARGE ROUKEMA

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 2, 1995

Mrs. ROUKEMA. Mr. Speaker, I rise to thank DialAmerica Marketing Inc., for its dedicated work on behalf of those suffering from leukemia. Based in my congressional district in Mahwah, NJ, DialAmerica is a company with a heart, a company that uses its resources to go to the aid of those in need.

This Friday, August 4, DialAmerica will officially hand over a \$5 million check to the Leukemia Society of America. This is money that